USPS ratchets up efforts to cut carrier jobs, service

Just one week before the NALC opened negotiations on a new collective-bargaining agreement with the U.S. Postal Service *(see story, page 4)*, our employer launched a fresh and unexpected offensive against key provisions of that contract as well as against the benefits letter carriers have worked so hard to earn and keep over the last 40 years.

“The Postal Service decided to send us a clear message—that it intends to use its financial crisis—caused by the deep recession and the crushing congressional pre-funding mandates—to strip postal employees of our bargaining rights,” NALC President Fredric V. Rolando said.

Postmaster General Patrick Donahoe testified before a House subcommittee hearing in April that he was not seeking legislation to remove the postal employee unions’ no-layoff clause, something the Postal Service now says it needs.

The Postal Service’s surprise assault began in front of a captive audience of city and rural letter carriers, clerks and mailhandlers, during a mandatory stand-up talk delivered in mid-August by supervisors in post offices across the country.

“This talk was part of a concerted campaign by top postal management to convince Congress to slash postal employees’ health and pension benefits and override layoff protection provisions in the postal unions’ contracts,” Rolando said.

The USPS campaign later expanded to a press release on the subject issued to the national news media and to two “white papers” distributed to congressional decision-makers.

One paper, “Postal Service Health Benefits and Pension Programs,” proposed that Congress allow the Service to set up its own health plan outside the Federal Employees Health Benefit Plan (FEHBP), as well as its own pension plan separate from the Federal Employees Retirement System (FERS) and the Civil Service Retirement System (CSRS). Unsurprisingly, these proposals would dramatically cut employee benefits below those earned by other federal employees and potentially move letter carriers out of the Thrift Savings Program.

The other, titled “Workforce Optimization,” took the extraordinary step of asking Congress to step in and void the layoff protection provisions of the various postal union labor contracts.

“These new legislative proposals constitute a transparent attempt to gut our benefits and reduce our bargaining rights without negotiations,” Rolando said. “Indeed, the USPS admits in the white papers that if these radical proposals were to be put before an impartial interest arbitrator, the USPS would not likely prevail.”

Nevertheless, during the stand-up talks, supervisors claimed that postal unions had been “briefed” on both proposals.

Wrong, Rolando said.

“The USPS developed its plans without any discussion or negotiation with NALC or any of the other unions,” he said. “Let me be clear: We would never agree to any benefit plan unilaterally designed by postal management, and we will resist this or any other blatant attempt to subvert and circumvent collective bargaining.

“This union is prepared to seriously bargain in good faith over any proposals for a new agreement,” Rolando said, "and USPS is free to bring these and any other issues to the table.

"It's time for postal management to negotiate; the time for unilateral legislative end-runs is over."

The 'Big Lie'

In the same stand-up talks, postal managers repeated a familiar message: "If we were a private company, we would have already filed for bankruptcy and gone through restructuring—much like major automakers did two years ago."

The same bogus claim was part of a press release distributed to the nation's news media as well.

Wrong again. "Of course, it's not true," Rolando said. "But the USPS seems to think that if it repeats this 'Big Lie' often enough, most people—and especially members of Congress—will think it's true."

In a post on nalc.org and in an alert sent to the members of the NALC's e-Activist Network, the president set the record straight.

"If the Postal Service were a private company, it would not have to file for bankruptcy because it would not be subject to a USPS-specific congressional mandate to pre-fund future retiree health benefits," he said.

That mandate is part of the Postal Accountability and Enhancement Act, the postal reform bill signed into law in December 2006 by President George W. Bush. At the behest of the Office of Personnel Management and the Government Accountability Office and to make the law appear not to cost the government money (i.e., to be "revenue neutral"), Congress included in the law a destructive mandate for the Postal Service to pre-fund 75 years' worth of future retiree health benefits within the following 10 years.

No other federal agency or private enterprise is forced to pre-fund similar benefits like this, especially on such an aggressive schedule.

"This postal-only mandate, which costs the USPS $5.5 billion per year, accounts for 100 percent of the Postal Service's $20 billion in losses over the past four years," President Rolando said. "It also accounts for 100 percent of the rise in the Postal Service's debt in recent years."

Without the mandate, the USPS would have been profitable over the past four years, Rolando said, and rather than having to use up its $15 billion line of credit from the U.S. Treasury to cover the pre-funding obligation, the Service would have had significant borrowing authority to ride out the bad economy it now faces. The $47 billion the Postal Service has deposited so far into its retiree health fund over the past four years instead could have been spent on operating costs.

"Don't believe the 'Big Lie,'" Rolando said. "The Postal Service is not going bankrupt. Rather, Washington politics is killing it."

Ring of familiarity

Most letter carriers might think that some of the Postal Service's August proposals sound familiar. You would be right.

In April, during the House Oversight and Government Reform Committee's unprecedented hearing on the American Postal Workers Union's recently ratified bargaining agreement with the USPS, Rep. Connie Mack (R-FL) asked Postmaster General Patrick Donahoe if he thought removing the no-layoff clause would help the Service do better in contract negotiations.

Committee Chairman Darrell Issa (R-CA) took the notion further. "What we probably need to do is bite the bullet one time and figure out how we're going to retire people that are over 55 and have over 20 years of service to help get your number down," he said. "Voluntary departures aren't working."

Still other representatives on the committee suggested that the postal unions'

Photo by Talk Radio News Service

Rolando talks postal finances with Obama, Senate Democrats

On Aug. 3, while the AFL-CIO Executive Council was gathered in Washington for its summer meeting, NALC President Fredric Rolando and his fellow members on that council were called to the White House to meet with President Barack Obama to talk about solutions to the country's ongoing struggle with high unemployment. The week before, Rolando was invited to take part in a labor outreach event held by Senate Majority Leader Harry Reid (D-NV) and the members of the Senate Democratic Caucus. Rolando used both opportunities to remind legislators that postal reform's onerous pre-funding mandate is the real reason behind the Postal Service's financial difficulties, and he pressed for their support of the principles contained in H.R. 1351, Rep. Stephen Lynch's bill that calls for allowing the Service to overcome the very difficult financial challenges it faces without resorting to massive downsizing and service cuts.

health benefits, though fully and fairly negotiated, were still too generous compared with their fellow federal workers' benefits.

At the time, Donahoe demurred, indicating his preference that Congress focus on fixing the pre-funding problem instead.

"What we need is your help on these big issues that are beyond our control," Donahoe said. "We have excellent relations with our employee unions and management associations. Take care of those things and you'll never see us again."

"Somewhere along the line, the postmaster general has decided to change his tune," President Rolando said, noting how the Postal Service's strategies now seem more in line with more recent proposals that Issa has floated.

Issa, along with Rep. Dennis Ross (R-FL), chairman of the House subcommittee on the Federal Workforce, Postal Service and District of Columbia, introduced a bill in June that seeks to take extreme steps to cut costs and reduce services by creating unelected overseers empowered to alter or nullify collective-bargaining agreements and to make other operational decisions to reduce expenses. In addition to the tired, repetitious calls for eliminating Saturday mail delivery service, the Ross-Issa measure aims to repeal the right of postal employees to bargain over health and life insurance benefits and to give pro-management factors priority during interest arbitration.

Fortunately, still on the table is something President Rolando calls a "common-sense solution" to the Postal Service's immediate problems: H.R. 1351, whose introduction Rep. Stephen Lynch (D-MA) announced during the April hearing.

If passed, H.R. 1351 would allow the Service to transfer its massive pensions surpluses (found by two independent audits to amount to $50 billion to $75 billion) to cover the cost of pre-funding future retiree health benefits. By the time the House recessed for its August break, 181 members from both parties had co-sponsored Lynch's legislation, and many letter carrier activists took advantage of the recess period to press for more co-sponsorships during home-office visits and town-hall meetings.

But the road ahead remains rocky, regardless, Rolando said. "Thanks to the dysfunctional nature of Congress and the bureaucratic blindness and single-minded stubbornness of the Congressional Budget Office, which 'scores' any change in the pre-funding provisions as an increase in the federal government's budget deficit (even though no taxpayer funds are involved), the Postal Service now faces a financial crisis later this month when the next $5.5 billion payment is due."

What default means

The Postal Service announced Aug. 5 that, by the end of the third quarter of Fiscal Year 2011, it had lost $5.7 billion, the latest in a string of bad economic news items from the USPS.

It's also where we stand as we approach to the deadline for the Postal Service to deposit this year's $5.5 billion pre-funding payment for retiree health benefits, a deposit Postmaster General Donahoe has already stated the Service will not be able to make—that the USPS will therefore be in default.

But what will default really mean for the Postal Service?

For one thing, President Rolando said, "there is sure to be a media firestorm." Even now, headlines have begun to blare that the Postal Service is "bankrupt," as many in the news media simply redraw the standard line connecting "e-mail and online bill pay" to "Postal Service financial troubles," blithely skipping over the fact that every last bit of the USPS' losses over the past four-and-a-half years can be chalked up to the pre-funding burden.

But even in default, Postmaster General Donahoe has pledged that the Service will continue to fulfill its constitutional obligation to provide universal mail delivery six days a week, and that workers and vendors will be paid.

More importantly, though, in this era of endless partisan bickering over raising the nation's debt ceiling, the Postal Service's default will show up as missing government revenue—that is, $5.5 billion in new debt. This is the case even though the money comes from postal revenue generated through sales and services and is geared toward the future retiree health benefits of postal employees, and is therefore wholly separated from taxpayer revenue. But it still counts, or "scores," because postal employees are still federal employees, regardless of where the money for our paychecks and benefits comes from.

No doubt this "default" news ensures we will hear from politicians again crying that the federal government is drowning in red ink. And no doubt some will attack the Postal Service, wrongly calling it a poorly run federal agency while ignoring the reality that the USPS is not financed by taxpayers.

Meanwhile, it will be up to letter carriers and other interested postal parties to spread the truth about where we are and how we really got here, to prevent anti-postal foes in Congress from using the default as an excuse to force the Postal Service to downsize and to insert themselves into our collective-bargaining process.

Media attention

Fortunately, our work to get the word out in the national media continues to gain some traction.

In a letter to the editor published July 25 in *USA Today,* President Rolando responded to an earlier article that absurdly suggested dropping mail delivery to three days a week. He noted that the solution to the USPS' financial problems lies not in cutting service but in the fix found in H.R. 1351. "It's an obvious choice," he wrote, "which is why addressing pre-funding is the common feature of most current bills on the Postal Service."

Two days later, Rolando was quoted in a story that moved on the Scripps Howard newswire service about the Postal Service's plan to close 3,500 post offices and launch a "village mail" service in retail stores. He noted that the $21 billion in pre-funding payments made since postal reform was enacted have been "the difference between a positive and negative ledger at the Postal Service."

Rhode Island's *Providence Journal* printed an op-ed piece by Rolando on Aug. 2. Once the pre-funding problem has been solved, he wrote, "the entire postal community can focus on how we continue adapting to society's evolving needs in the age of the Internet. For example, more people now pay bills online, but they also order online—and those goods must be delivered.

"Already, last-mile delivery of packages for Federal Express and United

Parcel Service is one of our fastest-growing and most-profitable activities, because the Postal Service can do it more inexpensively given the extent of our universal network."

And in a column in *The Baltimore Sun* on Aug. 11, Rolando noted that "the Postal Service is the central element in a $1.3 trillion U.S. mailing industry that supports 7 million to 8 million private-sector jobs.

"While waiting for Congress to address pre-funding, letter carriers will continue serving local communities with the dedication that has led residents of Baltimore and the entire country to name us the most-trusted federal workers six years in a row." ✉

Vote-by-mail bills passed in Rhode Island, California

There's been progress in the advancement of mail-in voting across the country, most recently in California and Rhode Island.

By a 24-14 vote on Aug. 8, the California State Senate passed AB 1343, an act to amend Section 3206 of the Elections Code, relating to vote-by-mail (VBM) procedures. This bill, advanced and supported by the California State Association of Letter Carriers, increases the amount of time voters will remain on the state's VBM rolls by an additional two general elections (eight years) without voting. The previous limit was two election cycles.

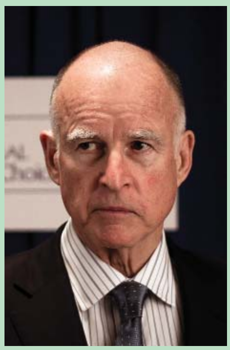

Photo by Ohad Ben-Yoseph

Gov. Jerry Brown

Signed into law by Gov. Jerry Brown, the bill allows any registered voter who now signs up for the state's permanent vote-by-mail program to permanently remain on the VBM rolls if he or she votes by mail just once every 16 years.

In Rhode Island, S. 392 was introduced by state Sen. James E. Doyle II (D-8th) of Pawtucket and signed into law July 1 by Gov. Lincoln D. Chafee. It amends the procedures for voting by mail ballot by granting every Rhode Island voter the opportunity to submit a vote by mail for any reason, not only if a voter falls under one of eight special exemption categories, as was previously the rule. Sponsors said they introduced the legislation because the existing law was not broad enough to cover extenuating circumstances that could prevent Rhode Islanders from casting a ballot on election day.

At a meeting in March, Rhode Island State Association President Bob Falso explained the bill's highlights to the state senate committee considering the measure. "In these tough economic times, we see more and more families struggling to make ends meet. Too many citizens simply cannot sacrifice the money or time it takes to wait in long lines to vote," Falso said. "My organization supports the rights of our citizens to cast a ballot through the convenience and security of the mail." ✉